

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Mahanuwara Esala Perahera Trust for the year ended 31 December 2025 comprising the balance sheet as at 31 December 2025 and the income and expenditure account, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Section 16 (2) of the Mahanuwara Esala Perahera Trust Act No.34 of 1980 and Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with, provisions of the National Audit Act No. 19 of 2018 and Finance Act No.38 of 1971. My comments and observations which I consider should be report to Parliament appear in this report.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Trust as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Trust is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Trust.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of

information to enable a continuous evaluation of the activities of the Trust, and whether such systems, procedures, books, records and other documents are in effective operation;

- Whether the Trust has complied with applicable written law, or other general or special directions issued by the governing body of the Trust;
- Whether the Trust has performed according to its powers, functions and duties; and whether the resources of the Trust had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Non-compliance with Laws, Rules, Regulations, and Management Decisions

	Reference to Laws, Rules, Regulations, etc.	Non-Compliance	Comment of the Management	Recommendation
(i)	Financial Regulations 137 and 138	Two payment vouchers relating to the settlement of advances obtained amounting to Rs. 80,000 for fuel, refreshments and other expenses of the Esala Perahera, had been paid without approval and certification, and a payment voucher amounting to Rs. 3,000,000 had been paid without certification during the year under review.	That the signatures of the relevant officers have now been obtained and the vouchers have been certified.	Action should be taken in accordance with Financial Regulations 137 and 138.
(ii)	Paragraph 4.1(a) of Public Finance Circular No. PF/423 dated 22 December 2006	Although the annual budget estimate prepared in accordance with the objectives of the Fund should have been submitted to the Director General of National Budget and the Director General of Public Finance before 30 September, after obtaining the approval of the relevant Minister before 15 September of the preceding year, by the governing authority of the Fund and the Secretary to the	Since the Act does not specify that the Esala Perahera Trust comes under a specific line Ministry, it was not possible to obtain the approval of a Ministry Secretary. Further, no annual provision is made by any Ministry or Department to the Esala Perahera Trust. Therefore, the annual estimate of the Esala Perahera Trust had	The relevant approval should be obtained in accordance with the instructions of Public Finance Circular No. PF/423.

Ministry, action had not been approved by the
 been taken Esala Perahera Trust
 accordingly. Consequently, itself, and the
 expenditure amounting to relevant expenditure
 Rs. 21,198,125 had been had been incurred
 incurred during the year accordingly
 under review without such
 approval.

2. Financial Review

2.1 Financial Results

The operating result of the year under review amounted to a surplus of Rs. 5,867,245 and the corresponding surplus of the preceding year amounted to Rs. 4,622,410. Therefore an improvement amounting to Rs. 1,244,835 of the financial result was observed. The increase in seating arrangements revenue was the main factor contributing to this improvement.

3. Operational Review

3.1 Operational Inefficiencies

Audit Observation	Comment of the Management	Recommendation
Although six (06) sets of Ves costumes had been ordered at a cost of Rs. 342,000 to recognize the outstanding dancers who participated in the procession and had been received on 18 September 2025, they remained underutilized without being issued to the relevant artists who were in need of them even as at the date of audit on 24 March 2026.	Two (02) sets of Ves costumes are currently being safely kept in the custody of the Procession Committee. Since there is an issue regarding the identification of the two artists to whom the costumes are to be issued, they have not yet been issued. Arrangements will be made to obtain a decision in this regard at the first meeting of the Committee to be held in the future and to issue the costumes accordingly.	Action should be taken in accordance with the objectives of the Trust.

4. Accountability and Good Governance

4.1 Tabling of the Annual Performance Report in Parliament

Audit Observation	Comment of the Management	Recommendation
In terms of Financial Regulation 877(2)(d) referred to in Paragraph 15.1 of Public Finance Circular	Since the Act does not specify that the Esala Perahera Trust comes under a specific line	Financial and administrative accountability

No. 01/2020 dated 28 August 2020, the Performance Report should be submitted to the Auditor General together with the Financial Statements within 02 months after the end of the accounting year. Nevertheless, the Performance Report for the year under review had not been submitted together with the Financial Statements on 04 March 2026. Further, in terms of Financial Regulation 877(2)(e), although action should be taken to prepare the Annual Performance Report in all three languages, in accordance with the prescribed provisions, including the audit reports issued upon the audit of the financial reports and performance reports of the Fund, and to submit it to Parliament for tabling before the lapse of 150 days after the end of the financial year, the report for the preceding year had not been submitted to Parliament even by 24 March 2026.

Ministry, it is not possible to obtain the approval of the Secretary to a Ministry. Therefore, it is expected that the matter will be discussed at a future meeting of the Trust, the relevant parties will be informed, and necessary action will be taken in the future

should be duly maintained in accordance with the instructions of the Circular.